

CAMDEN PUBLIC SCHOOLS

FISCAL AND EDUCATIONAL INTERVENTION REPORT

JULY 2002

EXECUTIVE SUMMARY

The Fiscal and Educational Intervention Team began work in April 2002 and completed its work on June 1, 2002. The primary reason for the intervention was a projected \$14 million deficit in the 2001-02 budget. Other matters had to be investigated also in order to respond to the deficit. Six educators with experience in Camden worked conscientiously and effectively with the Camden Board of Education and Administration to address the identified problems. We are pleased to report the deficit has been averted. Other matters do require continued attention by the Department of Education, the Camden Board of Education and the Administration. Much has been accomplished; still more needs to be done. Many of these issues as described in the findings and recommendations are very serious matters that require careful and thorough responses so the children of Camden are educated well in an effective and efficient public school system.

OVERALL FINDINGS

- The Superintendent and the Board of Education have taken a series of bold and decisive positions regarding what they believe to be necessary action to improve student learning.
- The budget along with the process of construction as well as monitoring has been chaotic, dysfunctional, and almost completely ineffective.
- Planning for district initiatives and subsequent action is, at best, haphazard and erratic. Many decisions lacked a basis in either a plan, an evaluated need, an analysis of available resources, and/or budget support.
- Decisions made often did not have budget support nor did they seem to have a basis in established board policy or regulation. Other decisions such as the freeze on Whole School Reform funds did not have Department of Education approval. The district, therefore, did not have the authority to make such a decision as occurred in November and December of 2001.
- A number of highly irregular personnel decisions were made in the past 18 months that suggest again the absence of a plan or a basis that is clearly understood for the decisions that were made.
- The Camden School District has a reputation among other governmental agencies as well as organizations offering assistance as being disinterested in efforts to cooperate on improvement efforts. There is some encouraging evidence that cooperative efforts between Camden and higher education institutions may be changing in very positive ways.

FISCAL FINDINGS

- **Budget Planning**

The district is severely handicapped in its operation due to the absence of a sound process for budget development. The impact of this contingency is felt in virtually every aspect of district operation. We recommend that the district establish a process of identifying needs, establishing goals and priorities, and structuring a budget that sets appropriations and articulates clearly how those appropriations will be used in support of district goals and objectives. This must all be done consistent with the resources available to the district including appropriate application of grant funds.

- **Controls**

Controls on purchasing and spending are lacking, and there should be ongoing oversight of the purchasing/commitment process to assure that procedures are followed and the resources are used consistent with an approved budget. Lack of control is evident in the areas of general purchasing, employee extra compensation, contracted services, tuition payments, incorrect application of GAAP, and lack of control of the encumbrance process.

- **Management**

The district needs to find ways to reduce costs for support services. Areas that should be reviewed include food services, legal fees, tuition costs, facilities maintenance and management, and transportation. In addition, the district is overstaffed in virtually every area and needs to determine optimal staffing size in the interest of efficiency and cost effectiveness.

Collective bargaining agreements appear to be difficult to manage and frequently not in support of overall district goals and objectives. An effort should be made to achieve some concessions through the collective bargaining process that would contribute to more efficient management of the district, better use of resources, and greater contribution to the instructional process.

Other areas of management that need to be addressed are the supervisory and evaluation process, communication between and among related areas, and negotiation of contracts with providers.

FISCAL RECOMMENDATIONS

- The district should establish budget development procedures that include the following:
 1. Review of prior year's expenses and revenues;
 2. Establishment of guidelines for size of teaching staff including class size and course offerings;

3. Establishment of a review procedure to assess the need for continuation of all nonmandated positions;
 4. Establishment of a review procedure to determine optimal size of the support staff;
 5. Consultation with outside sources including insurance brokers, utilities, and other providers of service to obtain cost estimates;
 6. Review of all budgets submitted by principals and program managers to assure clear articulation of need and to establish priorities;
 7. Determination of the relative cost effectiveness of in-house vs. privatized operation where appropriate;
 8. Central office review to establish priorities for use of resources and to assure that the final budget supports district goals and uses resources optimally;
 9. Presentation for review by the Board and to the public; and
 10. Develop an electronic data collection system for budget development.
- The district should develop appropriations requests for benefits by projecting per employee costs in consultation with the broker of record and the carriers and by developing a census of employee recipients and projected recipients of benefits.
 - Grant applications should be written consistent with district goals and objectives and supportive of the general overall effort as opposed to being random and sometimes in conflict with other district initiatives. The district should develop a system for tracking all grant funds including tracking blended funding. The district should designate a position in the business office for oversight of grants management including addressing all compliance issues and especially assurance that the district uses funds efficiently and consistent with the grant application. There should also be a process for reporting regularly to the superintendent on the status of grant expenditures.
 - There should be ongoing oversight of the purchasing/commitment process to assure that procedures are followed. Where necessary, consequences should be imposed for failure to comply.
 - The district should move to reduce its overtime exposure through the collective bargaining process. In the interim, the superintendent or her appropriate designee should approve all extra compensation in advance, and compensatory time and flexible time should be considered as an alternative to additional compensation.

- The district should establish a system for tracking the original budget and changes in appropriations. Further, all requests for transfer, irrespective of their origin, should be approved in advance by the business administrator.
- The district should establish a procedure for tracking out-of-district placements and for encumbering tuition on an ongoing basis. Subsidiary databases should be maintained for all special education and prekindergarten student placements.
- The district should provide training to all staff responsible for entering data into the account system and should establish quality control to assure that GAAP is being correctly implemented.
- The district should develop a system for consistent encumbering and for canceling encumbrances when it is apparent that the goods or services will not be forthcoming. Principals and program managers must fulfill their responsibility to accounting by prompt verification of goods received or services rendered.
- The Board should act to reduce the food service deficit by seeking a private contractor to operate the food service program and negotiating an agreement with a break even or minimum contribution from district funds. Minimally, the board should seek to reduce staff and increase efficiency in the food service operation. In addition, the district should review collective bargaining agreements and seek to eliminate those terms and conditions that place restrictions on more efficient operation of the food service program. Such action would make available considerable resources that could be applied on behalf of the district's students.
- The district should consider in-house offerings to reduce the heavy reliance on out-of-district placements.
- The district should move immediately to hire in-house counsel.
- The district should conduct a study to determine the relative cost effectiveness of in-house vs. privatized services in various service areas including food service, transportation, facilities maintenance, and architectural services. In regard to architectural and engineering services, the district should negotiate fees in advance of the project.
- The district should conduct studies to determine optimal staff size in every area of operation. Consideration should be given to the following:
 1. Custodial, maintenance, and grounds staff size should be determined on the basis of facility size together with any mitigating factors such as age and usage level of each facility or location.
 2. Secretarial staff size should be determined on the basis of a desk audit with consideration for pooling and collapsing areas of responsibility. Consideration should also be given to positions which may no longer be necessary due to changes in management structure.

3. Teaching staff size should be determined through establishment of class size standards and through a thorough review of course offerings and scheduling.
 4. School level administrative staff size should be determined by teacher and student population and building size.
 5. District level administrative positions should be reviewed in consideration of ongoing need, changes in management structure, redundancy, and efficient use of resources.
- An effort should be made to achieve some concessions through the collective bargaining process that would contribute to more efficient management of the district, better use of resources, and greater contribution to the instructional process.
 - The district should establish clear direction for the supervisory and evaluation process including goal setting and the establishment of a clear path of recognition for goal attainment and consequences when goals are not achieved. The district should also establish performance and accountability standards for staff in the business office with corollary performance evaluations consistent with prevailing labor agreements.
 - The district should have a plan for evaluating district financial status in order to anticipate future circumstances and determine the capability of the financial structure to support district goals and activities. The superintendent and business administrator should oversee and have this information available to them.
 - The district should establish a procedure for position control to assure proper budgeting and to support management decisions.
 - The district should assure that contracts are in place that clearly delineate the outcomes and costs of all services. The district should further take steps to protect its interests in the contracting process by conducting both a legal review as well as a management review to assure that the provider is adequately supporting the district's need. The district should also take steps to exercise the advantages of its size and resources by negotiating to its advantage the terms of vendor contracts.
 - The district should attempt to renegotiate the contract with Compass including both implementation and payment timelines with possible deferral of final payments to 2003-04 in consideration of the district's financial status and the inability of the contractor to fully implement the program.
 - The district needs to continue its process of conducting weekly meetings of the business staff to assess progress on the audit recommendations. Where necessary, the employee evaluation process should be implemented in support of this effort.
 - The district should establish a policy for the hiring of new staff that will both enable the district to be competitive in attracting staff as well as responsible in its use of resources.

- The district should establish programs for training existing staff and should seek to hire sufficient Black Seal licensees to fully staff all buildings.
- The district should determine the number of free and reduced lunch-eligible students at the middle and high schools by creating a database of eligible households and matching that database to middle and high school enrollment by address.

OVERALL CONCLUSIONS

Camden is a district that faces many and significant challenges. Instead of a disengaged and defeatist attitude, our team has encountered so many people who remain optimistic about what can be. There is, however, at the same time a feeling of desperation because in the minds of some, things have never been worse. In fairness, others point to signs of activity of change that is long overdue. The common thread in both is the need for a coordinated plan and an organized system to deliver services and change in an understood and orderly way. What we have seen in our three months is a district that acts and then plans when it should be the reverse. We see potentially good ideas compromised by the way they are implemented. We also see a district where departments such as Human Resources and Finance do not understand what each other are doing so most of their efforts are fragmented at best, and dysfunctional, at worst. The Board and the Superintendent are responsible for district functioning. Both must work cooperatively to address the findings, issues, and problems identified in this report. Although the intervention team did not find any illegal practices, we did find many instances of decisions that were more than inappropriate. That condition must change immediately.

The required action is the district must develop a clear message about plans, goals and objectives and then share that continuously throughout the next school year. Additionally, the Department of Education will assign two people in the form of technical assistance, one in fiscal areas, and one in administration and operations for the entire school year. These two people must be consulted, and they must approve plans and action before these plans are put into action. Both technical assistants will report to the Commissioner, and they have the authority to stop action temporarily until the Commissioner intervenes. These people also, upon request to the Commissioner, may add staff when necessary. Ultimately, their role is in the form of assistance to Camden so good ideas are planned and shaped well so the full impact is the result. There are many instances where potentially good ideas are compromised badly by ineffective plans and implementation strategies. No district can afford to have such an outcome.